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Global Analysis Report

Market Overview

Vietnam

August 2016

MARKET SNAPSHOT

- Vietnam had a gross domestic product (GDP) of US$193.4 billion in 2015, which is expected to grow by 6.6% in 2016.
- Vietnam is the fourteenth-most populous country in the world with 93.5 million people. The population is expected to reach 98.2 million by 2020.
- Annual per capita consumer expenditure was US$1,312 in 2015, with food and non-alcoholic beverages representing US$43 billion or 35% of that total.
- The consumer foodservice industry is expanding alongside a rising middle-class population, and is forecast to reach total value sales of US$31.4 billion by 2020.
- With growing disposable incomes, Vietnamese consumers are seeking products that offer convenience. Packaged food sales continue to grow rapidly, and are expected to reach a value of US$12.9 billion by 2020.
- The top packaged food company in the market is currently Vietnam Dairy Products JSC (Vinamilk) with a 16.8% value share, followed by Masan Group Corp (7.4%) and Royal FrieslandCampina NV (6.1%).
- The agriculture sector employs 47% of the workforce and is estimated at 18.1% of GDP. Agriculture's share of economic output is expected to decrease as the country moves toward economic modernization.

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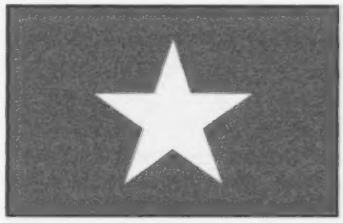

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PRODUCTION

- Rice remains Vietnam's primary domestic crop, with production increasing steadily each year. Volume production increased by a compound annual growth rate (CAGR) of 2.5% over the 2010 to 2014 period. The crops that increased in production the most over the same period were sugar cane and watermelons, which grew by a CAGR of 5.5% and 5.3%, respectively.

- Poultry production increased by a CAGR of 4.0% from 2010 to 2014, while pork and beef production increased by 1.3% and 1.0%, respectively.

- Live chickens increased by a CAGR of 0.2% over the 2010-2014 period, while both pigs and cattle showed negative growth over the same period.

Crop Production and Livestock in Vietnam

Top ten crops ('000 tonnes)	2010	2011	2012	2013	2014
Rice	40,005.6	42,398.3	43,661.6	44,076.1	45,206.8
Sugar cane	16,161.7	17,539.6	19,017.2	20,018.4	21,089.7
Maize	4,606.8	4,835.7	4,803.2	5,193.5	5,356.5
Bananas	1,489.7	1,523.4	1,560.0	1,596.6	1,626.3
Cashews	1,242.0	1,237.3	1,190.9	1,197.9	1,185.7
Cabbages and other brassicas	805.3	774.9	785.0	796.2	793.7
Pineapples	521.6	533.4	540.0	551.1	559.3
Watermelons	388.5	467.6	470.0	478.3	503.3
Groundnuts	487.2	468.4	470.6	468.4	463.2
Potatoes	394.9	425.0	440.0	445.0	458.9

Source: Euromonitor, *FAOSTAT Agricultural Production, February 2015*

Meat indigenous ('000 tonnes)	2010	2011	2012	2013	2014
Pork	3,036.4	3,098.9	3,160.0	3,194.5	3,238.5
Poultry	531.4	599.4	617.9	620.7	645.5
Beef and Veal	384.3	386.5	393.3	400.1	404.5

Source: Euromonitor, *FAOSTAT Agricultural Production, February 2015*

Livestock ('000 head)	2010	2011	2012	2013	2014
Chickens	218,201.0	225,820.0	215,950.0	220,290.0	220,870.3
Pigs	27,373.3	27,056.0	26,493.9	26,261.4	25,952.5
Cattle	5,808.3	5,436.6	5,194.2	5,156.7	4,975.7

Source: Euromonitor, *FAOSTAT Agricultural Production, February 2015*

TRADE

- Vietnam is a net exporter of agri-food and seafood products. In 2014, Vietnam's agri-food and seafood trade surplus was US$6.9 billion with imports valued at US$3.6 billion, and US$10.5 billion in exports. Vietnam's agri-food and seafood imports have decreased at an average rate of 56% over the last three years.

- Vietnam's top agri-food and seafood imports in 2014 were maize, soybeans, oilcake and other solid residues, and palm oil. Key supplying countries were the United States, Brazil, Australia, Argentina, and China. Canada was Vietnam's 22nd largest supplier of agri-food and seafood products in 2014, with 0.72% market share.

Vietnam's Top Agri-Food and Seafood Imports from the World, 2014

Commodity	Import Value US$ millions	Top Suppliers & Market Share			Canada's Share
		1	2	3	
Maize	357.7	Brazil 64.5%	India 19.4%	United States 9.2%	0.3%
Soybeans	354.4	United States 84.7%	Brazil 11.2%	Canada 1.5%	1.5%
Oilcake and other solid residues	353.9	Argentina 61.1%	United States 18.0%	China 11.2%	0.0%
Palm oil	159.0	Malaysia 92.5%	Indonesia 6.1%	Thailand 1.4%	0.0%
Wheat and meslin	143.8	Australia 88.8%	United States 6.1%	Canada 2.2%	2.2%
Food preparations	129.4	Singapore 24.2%	United States 23.1%	Netherlands 11.1%	0.2%
Cotton	128.8	India 33.8%	United States 18.7%	Mali 11.5%	0.0%
Preparations used in animal feeding (Excl. dog or cat food for retail sales)	128.0	China 19.4%	Thailand 14.4%	United States 14.3%	0.7%
Fresh, Chilled, Frozen, or dried roots and tubers of manioc (Cassava)	103.1	Cambodia 96.1%	Lao 3.9%	China 0.0%	0.0%
Milk and cream in solid forms	98.6	United States 63.7%	Australia 9.9%	Netherlands 6.7%	0.0%

Source: *Global Trade Tracker, 2016*
Note: *2015 trade data was not available at the time of reporting*

- Vietnam's processed food imports were valued at US$2.0 billion in 2014. Canada's share was 0.01%. The United States, Argentina, Malaysia, China, and Thailand were the largest suppliers of processed food to Vietnam, providing 50.2% of the market in 2014. Vietnam's processed food imports fell by a CAGR of 64.1% between 2012 and 2014.

- Canada's agri-food and seafood exports to Vietnam were valued at US$284.3 million in 2015. Top exports were wheat and meslin, soy beans, raw furskins of mink, frozen bind (psetta Maxima), frozen lesser or Greenland halibut, and Atlantic halibut. In 2015, Canada registered an agri-food and seafood trade deficit of US$86.7 million with Vietnam.

CONSUMER FOODSERVICE

- The foodservice industry in Vietnam grew by a CAGR of 12.3% over the period 2011 to 2015 and further growth of 6% is projected to 2020.

- Over the forecast period of 2016 to 2020, the 100% home delivery/takeaway sector is expected to be the best performing category with a CAGR of 11.1%, albeit the smallest category within consumer foodservice, followed by pizza consumer foodservice and full-service resturants at 9.3% and 7.3%, respectively.

Consumer Foodservice Sales in Vietnam
Historic in US$ Millions, Fixed 2015 Exchange Rate

Category	2011	2012	2013	2014	2015	CAGR* (%) 2011-15
Consumer Foodservice by Type	**12,596.9**	**14,446.2**	**16,958.8**	**18,900.0**	**20,029.8**	**12.3**
Full-Service Restaurants	7,782.7	9,194.1	11,116.0	12,645.6	13,606.3	15.0
Cafés/Bars	2,167.6	2,408.6	2,751.6	2,964.6	3,103.1	9.4
Street Stalls/Kiosks	1,924.6	1,998.2	2,108.8	2,156.4	2,097.8	2.2
Fast Food	479.3	554.1	636.2	724.8	769.5	12.6
Self-Service Cafeterias	182.3	223.1	260.6	301.1	334.5	16.4
Pizza Consumer Foodservice	56.8	62.7	75.8	90.6	97.6	14.5
100% Home Delivery/Takeaway	3.6	5.4	9.8	16.9	21.0	55.4

Consumer Foodservice Sales in Vietnam
Forecast in US$ Millions, Fixed 2015 Exchange Rate

Category	2016	2017	2018	2019	2020	CAGR* % 2016-20
Consumer Foodservice by Type	**21,068.9**	**22,220.5**	**23,526.9**	**24,964.8**	**26,553.2**	**6.0**
Full-Service Restaurants	*14,453.5*	*15,414.0*	*16,527.1*	*17,768.4*	*19,158.4*	7.3
Cafés/Bars	*3,226.0*	*3,347.8*	*3,469.8*	*3,592.1*	*3,714.4*	3.6
Street Stalls/Kiosks	*2,077.3*	*2,054.1*	*2,030.1*	*2,005.7*	*1,979.6*	-1.2
Fast Food	*816.8*	*866.1*	*918.7*	*974.1*	*1,033.0*	6.0
Self-Service Cafeterias	*361.9*	*390.2*	*417.9*	*446.2*	*474.7*	7.0
Pizza Consumer Foodservice	*107.5*	*118.0*	*129.3*	*141.2*	*153.6*	9.3
100% Home Delivery/Takeaway	*25.9*	*30.3*	*34.0*	*37.1*	*39.5*	11.1

Source for both: *Euromonitor International, 2015*
CAGR: *Compound Annual Growth Rate*
***Pizza consumer foodservice data is compiled from three different subsectors (fast food, full-service restaurants, and 100% home delivery/takeaway) for the purposes of comparison, but remains reflected within the figures for these subsectors, and thus the consumer foodservice total. As such, pizza consumer foodservice is not counted as its own sector within the consumer foodservice total.*

RETAIL SALES

- Packaged food sales increased by a CAGR of 14% from 2011 to 2015, with a further increase of 5.3% forecasted to 2020. Within this category, from 2011 to 2015, the best performing segment was ready meals registering a CAGR of 20.9%, followed by processed meat and seafood at 17.4% and processed fruit and vegetables at 17.2%. The health and wellness sector experienced a CAGR of 18.4% from 2011 to 2015 and will continue to grow by a CAGR of 8.3% from 2016 to 2020. Consumers are interested in products that can provide health benefits at a good value.

- Urbanization is a core factor affecting the packaged food industry, and will continue to accelerate. With consumers increasingly exposed to a Western lifestyle, they are seeking easy-to-prepare products that help them save time. As consumers look for products that are convenient and offer a longer shelf life, packaged food sales will continue to see growth.

Agri-Food Retail Sales in Vietnam
Historic in US$ Millions, Fixed 2015 Exchange Rate

Category	2011	2012	2013	2014	2015	CAGR* % 2011-15
Health and Wellness by Type	**2,013.8**	**2,416.6**	**2,910.8**	**3,527.0**	**3,955.7**	**18.4**
Fortified/Functional (FF)	1,259.2	1,466.7	1,773.0	2,123.0	2,348.4	16.9
Naturally Healthy (NH)	735.4	925.6	1,109.5	1,371.0	1,569.9	20.9
Better For You (BFY)	19.2	24.3	28.3	33.0	37.4	18.1
Packaged Food	**125,760.1**	**145,745.8**	**166,839.6**	**189,340.6**	**212,664.9**	**14.0**
Dairy	26,824.9	32,020.6	37,022.1	42,957.2	49,667.7	16.6
Baby Food	17,211.7	19,055.1	23,229.9	28,085.5	30,471.0	15.3
Oils and Fats	18,485.8	21,640.5	24,323.5	26,318.3	29,058.0	12.0
Rice, Pasta and Noodles	17,498.0	20,308.4	22,729.8	25,227.5	28,190.0	12.7
Bakery	11,668.6	13,400.5	15,049.0	16,974.4	19,349.8	13.5
Sauces, Dressings and Condiments	12,787.0	14,561.2	16,482.6	18,438.6	20,774.1	12.9
Sweet and Savoury Snacks	5,179.2	6,147.5	6,991.5	7,719.9	8,591.6	13.5
Confectionery	5,591.1	6,209.3	6,773.6	7,571.7	8,375.6	10.6
Processed Meat and Seafood	3,582.7	4,360.4	5,154.4	5,901.6	6,815.2	17.4
Ice Cream and Frozen Desserts	1,302.5	1,579.5	1,838.9	2,063.9	2,322.9	15.6
Ready Meals	457.9	557.0	668.9	816.0	976.7	20.9
Processed Fruit and Vegetables	173.1	205.9	240.5	278.7	326.2	17.2
Spreads	129.4	145.1	157.7	170.5	185.6	9.4

Source: *Euromonitor International, 2016*

***CAGR:** *Compound Annual Growth Rate*

Agri-Food Retail Sales in Vietnam
Forecast in US$ Millions, Fixed 2015 Exchange Rate

Categories	2016	2017	2018	2019	2020	CAGR* % 2016-20
Health and Wellness by Type	**4,347.5**	**4,769.8**	**5,187.7**	**5,588.2**	**5,984.0**	**8.3**
Fortified/Functional (FF)	2,575.1	2,827.6	3,068.7	3,285.9	3,498.5	8.0
Naturally Healthy (NH)	1,733.0	1,900.7	2,075.6	2,255.9	2,435.6	8.9
Better For You (BFY)	39.4	41.5	43.4	46.4	49.9	6.1
Packaged Food	**225,346.4**	**238,445.4**	**251,343.4**	**264,021.4**	**276,886.2**	**5.3**
Dairy	53,649.8	57,472.2	61,158.4	64,828.6	68,502.8	6.3
Baby Food	33,375.3	36,695.3	39,738.9	42,270.6	44,643.4	7.5
Oils and Fats	30,278.1	31,568.2	32,924.0	34,354.7	35,863.4	4.3
Rice, Pasta and Noodles	28,944.3	29,628.7	30,332.2	31,053.4	31,817.5	2.4
Bakery	20,490.4	21,711.4	22,965.0	24,249.1	25,551.2	5.7
Sauces, Dressings and Condiments	21,636.8	22,487.9	23,327.3	24,189.5	25,106.0	3.8
Sweet and Savoury Snacks	8,899.4	9,197.9	9,507.0	9,844.5	10,210.2	3.5
Processed Meat and Seafood	7,366.9	7,962.7	8,593.6	9,256.4	9,944.2	7.8
Confectionery	8,645.6	8,899.6	9,161.6	9,439.6	9,724.6	3.0
Ice Cream and Frozen Desserts	2,464.0	2,619.9	2,786.3	2,971.8	3,172.4	6.5
Ready Meals	1,075.0	1,180.4	1,284.9	1,390.4	1,505.7	8.8
Processed Fruit and Vegetables	352.9	379.6	406.4	436.3	467.5	7.3
Spreads	189.7	194.1	199.5	205.4	211.8	2.8

Source: *Euromonitor International, 2016* ****CAGR:*** *Compound Annual Growth Rate*

FOR MORE INFORMATION

International Trade Commissioners can provide Canadian industry with on-the-ground expertise regarding market potential, current conditions and local business contacts, and are an excellent point of contact for export advice.

- **Overview of Trade Commissioner Services in Vietnam**
  www.tradecommissioner.gc.ca/vn
- **Find a Trade Commissioner** www.tradecommissioner.gc.ca/eng/find-trade-contacts.jsp

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- ats-sea.agr.gc.ca

RESOURCES

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